



State of Louisiana

Department of Environmental Quality



October 9, 2002

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DEQ AGREES TO PROPOSED SETTLEMENT WITH FORMOSA PLASTICS Company to Finance and Implement Air and Water Improvement Projects

(Baton Rouge)- Environmental projects valued at \$1,350,000 that will improve the air and water quality in the Baton Rouge area are part of a proposed settlement agreed to between the Louisiana Department of Environmental Quality (DEQ) and Formosa Plastics Corporation. In addition, Formosa will have to pay the state a \$300,000 cash penalty payment and will be required to install \$2,700,000 worth of equipment to improve the overall efficiency of the contaminated groundwater recovery operations at Formosa's Gulf States Road chemical plant. The environmental projects included in the proposed settlement with Formosa meet the definition of Beneficial Environmental Projects (BEPs) as outlined in DEQ regulations.

The BEPs at Formosa's plant include a projected expenditure of \$750,000 to install technology aimed at reducing the release of toxic chemicals into the air. The installation of this technology is expected to cut Formosa's emissions by an additional 4 tons per year. An additional \$100,000 will have to be spent to eliminate the facility's normal use of well water for all operations except potable use for the employees.

Formosa will be providing \$250,000 to the Louisiana Rural Water Association (LRWA) for the purpose of providing "circuit riders." LRWA is a non-profit organization established in 1978 to assist small water and wastewater systems through training, on-site technical assistance, and state operator certification. Circuit riders are skilled field technicians holding wastewater certifications. The \$250,000 contribution will aid the circuit riders in traveling through the state to provide assistance and guidance to rural and/or small sanitary wastewater treatment systems. DEQ often works with LRWA technicians visiting different sites and providing free services to areas that require assistance in bringing their systems into compliance. Another \$250,000 will be provided to the DEQ specifically to fund DEQ efforts to plug abandoned water wells that may be conduits for contamination that may migrate into drinking water aquifers.

Bruce Hammatt, DEQ's Assistant Secretary for the Office of Environmental Compliance, expressed satisfaction with the resulting cash penalty payment and the proposed projects Formosa has agreed to finance. "The Beneficial Environmental Projects included in this proposed settlement support past efforts made by DEQ's enforcement staff directed at improving the quality of environmental resources throughout the state." Hammatt was referring to the most recently proposed settlement agreements reached by DEQ with Georgia Gulf, Orion Refining Corporation, Safety Kleen and Allen Canning Company totaling nearly \$20,000,000. Those settlements, agreed to in late August and early September, were also composed of cash penalty payments and environmental projects for air and water quality improvements to be financed and implemented by the companies

A BEP is a project that provides for environmental mitigation which the respondent is not otherwise legally required to perform, but which the respondent agrees to undertake as a component of a settlement of a violation or penalty assessment. The BEP regulations (LAC33:I Chapter 25) were promulgated in August 2000 (<http://www.deq.state.la.us/planning/regs/addition/2000/OS037fin>). Cash penalty payments collected as a result of settlements go into DEQ's Hazardous Waste Clean-Up Fund.

State laws allow the DEQ the option to enter into negotiations with a company in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation. In agreeing to exercise the compromise and settlement option, DEQ considers the nine factors [R.S. 30:2025(E)(3)(a)] for issuing civil penalties set forth in the Louisiana Environmental Quality Act. The proposed settlement with Formosa Plastics Corporation now enters the public comment phase and can be found at the DEQ website <http://www.deq.state.la.us/enforcement/bep/bep.asp>